



INDIAN RIVER COUNTY
SOLID WASTE DISPOSAL DISTRICT



BOARD MEMORANDUM

Date: February 21, 2017
To: Jason E. Brown, County Administrator
Thru: Vincent Burke, Director of Utility Services
From: Himanshu H. Mehta, P.E., Managing Director, Solid Waste Disposal District
Subject: Recommendation for Award of Bid No. 2017028 for Yard Waste Processing and Disposal Services

BACKGROUND:

On July 15, 2011, the Indian River County Solid Waste Disposal District (SWDD) entered into a Feedstock Supply Agreement (FSA) with INEOS New Planet BioEnergy, LLC (INPB) for supplying vegetative waste for the production of bioethanol energy product and renewable power. The term of the agreement was for a period of twenty (20) years. The Indian River BioEnergy Center operated by INPB ceased operations of its facility at 925 74th Avenue SW, effective December 31, 2016.

On December 20, 2016, the SWDD Board approved the Ninth Amendment to the Feedstock Supply Agreement with INPB. This allowed the public to transition the delivery of the vegetative materials from the INPB facility to SWDD's vegetative processing area on January 2, 2017. This amendment included approval for INPB through their contractor, Mr. Mulch, to provide processing (receiving, grinding and disposal) services to SWDD through March 31, 2017 at the current rate of \$9.30 per ton and waiving the supplemental processing fee of \$5.30 per ton from October 1, 2016, through March 31, 2017.

On January 15, 2017, the Indian River County Purchasing Division issued Bid #2017028 for Yard Waste Processing and Disposal Services and included the following two price parameters: 1) Receive vegetative debris from the IRC public, process the materials into mulch and load the mulch and 2) off-site disposal (to be verified by SWDD for maximum recycling credits). Within this bid, there was a provision that SWDD would have the option to retain 100% of the processed materials (mulch) for landfill cover material or any other beneficial use.

ANALYSIS:

A non-mandatory pre-bid meeting was held on January 24, 2017, after broadcasting to 251 companies on the Demandstar system. Overall, there were 36 plan holders, out of which 5 firms attended the pre-bid meeting. The purchasing department received the following responses at the time of the bid opening on Friday, February 17, 2017, at 2:00 PM:

| Bidder | Location | Yard Waste Processing (Per Ton) | Yard Waste Disposal (Per Ton) | Total Bid Price |
|-----------------------------------|-------------------|---------------------------------|-------------------------------|---------------------|
| Waste Management, Inc. of Florida | Pompano Beach, FL | NO BID | | |
| Consolidated Resource Recovery | Sarasota, FL | \$14.88 | \$16.80 | \$1,396,800.00 |
| Mr. Mulch | Vero Beach, FL | \$11.19 | \$9.48 | \$955,800.00 |
| Treecycle Land Clearing | Boynton Beach, FL | \$13.18 | \$9.00 | \$1,060,800.00 |

Based on the bids received, the lowest responsive and responsible bidder was Mr. Mulch with a yard waste processing cost of \$11.19 per ton and a yard waste disposal cost of \$9.48 per ton for an estimated total cost of \$955,800 per year. In the bid, it was estimated that 60,000 tons per year were to be processed and 30,000 tons per year were to be disposed off-site. Therefore, the yard waste processing cost is approximately \$671,400 and the yard waste disposal cost is approximately \$284,400 for a total approximate cost of \$955,800 per year.

For a historical perspective, during the period of October 2007 through March 2011, SWDD utilized Consolidated Resources Recovery (CRR) for processing and off-site disposal of vegetative debris. From April 2011 through September 2016, INPB processed and utilized the vegetative debris for its operations. The annual average tons processed over these past nine years is approximately 58,000 tons per year at an average cost of \$588,000 for base processing and \$199,000 for supplemental processing/hauling services. A summary table is provided below.

| Fiscal Year | Vendor | Base Tons | Base Fee | Hauling or Supplemental Tons | Hauling or Supplemental Processing Fee | Total Costs |
|---|-----------|---------------|------------------|------------------------------|--|------------------|
| FY 2007-08 | CRR | 53,804 | \$618,741 | 29,270 | \$234,162 | \$852,904 |
| FY 2008-09 | CRR | 51,372 | \$590,780 | 30,089 | \$240,714 | \$831,494 |
| FY 2009-10 | CRR | 56,044 | \$644,503 | 34,009 | \$272,074 | \$916,577 |
| FY 2010-11 | CRR | 52,358 | \$602,111 | 19,319 | \$154,554 | \$756,666 |
| FY 2011-12 | CRR/INPB | 55,962 | \$520,141 | 21,925 | \$153,714 | \$673,855 |
| FY 2012-13 | INPB | 55,301 | \$511,531 | 14,845 | \$76,454 | \$587,984 |
| FY 2013-14 | INPB | 59,420 | \$549,636 | 37,336 | \$192,282 | \$741,918 |
| FY 2014-15 | INPB | 64,287 | \$597,868 | 40,784 | \$211,264 | \$809,132 |
| FY 2015-16 | INPB | 70,951 | \$659,845 | 49,375 | \$255,761 | \$915,606 |
| Average | | 57,722 | \$588,351 | 30,773 | \$198,998 | \$787,348 |
| 10/1/16 – 3/31/17 | INPB | 42,154 | \$392,032 | 0 | 0 | \$392,032 |
| 4/1/17 – 9/30/17 | Mr. Mulch | 30,000 | \$335,700 | 15,000 | \$142,200 | \$477,900 |
| FY 2016-17 (Projected*) | | 72,154 | \$727,732 | 15,000 | \$142,200 | \$869,932 |
| FY2017-18 (estimated**) | Mr. Mulch | 70,951** | \$793,942 | 49,375** | \$468,075 | \$1,262,017** |
| <p>* Both actual to date and projected tons incoming and outgoing are utilized to estimate the total cost for this fiscal year of approximately \$870,000.</p> <p>** using actual tons from FY2015-16 and applying the rates from bid 2017028 AND assuming no INEOS site transfer</p> | | | | | | |

In comparing actual tons processes from FY2015/2016 which resulted in a \$915,606 cost to SWDD, then using the exact same tonnage numbers and applying the bid results, the estimated FY17/18 costs would be \$1,262,017 if there is no ability for SWDD to move un-needed processed vegetative material onto the former INEOS site.

It is unknown for certain as to what will happen on the former Indian River BioEnergy Center site; however, on February 7, 2017, the SWDD Board approved a Notice of 90-Day Option Agreement to Alliance Bioenergy +, Inc. in which SWDD would provide processed mulch at no cost if Alliance is successful in purchasing the property. This could provide a potential savings of approximately \$284,000 per year assuming that 30,000 tons of processed mulch is sent to Alliance.

A sample agreement was included in the bid documents and we did not receive any exceptions. The term of the agreement includes an initial one (1) year term with six (6) one (1) year renewal terms. There is also a provision that allows either party to terminate with a ninety (90) calendar day notice of termination. Mr. Mulch has been providing the yard waste processing services for INPB since 2011 and is currently providing the same service at our yard waste processing facility on the IRC landfill property. They are well qualified and familiar with our residential and business customers, as well as meeting safety requirements for safely receiving, handling and processing County’s vegetative waste. Overall, the competitive bid process resulted in pricing that is above the historical average that we have paid for these services. Therefore, staff recommends that the SWDD Board approve the award of Bid No. 2017028 to Mr. Mulch for yard waste processing and disposal services to start on April 1, 2017.

FUNDING:

Funding for yard waste processing is budgeted and is available in the Other Professional Services account in the SWDD Recycling fund which is funded through user assessment fees. The annual budget includes \$864,000 for yard waste processing in the 2016/2017 fiscal year. Expenditures for service through December were \$238,628. Due to the increase in processing costs for Hurricane Matthew and based on the increase in costs for these services through the bid process, a budget amendment may be required this fiscal year to cover actual expenditures that are estimated to be \$870,000 for the FY2016/17.

| Description | Account Number | Amount |
|---|-----------------|-----------|
| SWDD Recycling Fund - Other Professional Services | 41125534-033190 | \$870,000 |

Increase in funds based on the bid pricing will be budgeted accordingly for the 2017/2018 fiscal year.

RECOMMENDATION:

Staff recommends that its Board:

- a. Approve the award of Bid No. 2017028 to Mr. Mulch for yard waste processing and disposal services to start on April 1, 2017 as the lowest responsive and responsible bidder meeting the specifications as set forth in the Invitation to Bid.
- b. Authorize the Chairman to execute the attached agreement after review and approval by the County Attorney as to form and legal sufficiency, and receipt and approval of the required payment and performance bonds and liability insurance.

ATTACHMENTS:

- Attachment 1: IRC Purchasing Department Bid Tab for Bid No. 2017028
- Attachment 2: Yard Waste Processing and Disposal Services Agreement